

House Study Bill 707 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE
ON REBUILD IOWA AND
DISASTER RECOVERY BILL
BY CHAIRPERSON SCHUELLER)

A BILL FOR

1 An Act relating to the allocation, issuance, reporting,
2 recapture, and reallocation of recovery zone bonds, and
3 including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 16.171 Recovery zone bonds —
2 reporting — reallocation.

3 1. As used in this section:

4 a. "*Eligible issuer*" means the state or any political
5 subdivision of the state authorized to issue bonds, including
6 any entity authorized to issue bonds on behalf of the state
7 or the political subdivision, the interest from which is
8 excludable from gross income under section 103 of the Internal
9 Revenue Code.

10 b. "*Recovery zone bonds*" means recovery zone economic
11 development bonds and recovery zone facility bonds allocated
12 under the federal American Recovery and Reinvestment Act of
13 2009, Pub. L. No. 111-5, 123 Stat. 115, codified in section
14 1400U-1 of the Internal Revenue Code.

15 c. "*Large municipality*" means a city having a population of
16 more than one hundred thousand.

17 2. The authority shall provide written notice to each
18 county and large municipality in the state of the amount of
19 the recovery zone bond allocation designated for each by the
20 internal revenue service of the United States department of the
21 treasury.

22 3. Each county or large municipality that issues recovery
23 zone bonds shall provide a written notice of each such issuance
24 to the authority on a form prescribed by the authority. The
25 authority shall track the amount of the recovery zone bond
26 allocation used by each county and large municipality.

27 4. a. A county or large municipality may, at any time prior
28 to July 1, 2010, waive all or a portion of the county or large
29 municipality's recovery zone bond allocation, as applicable.

30 b. Any portion of a county or large municipality's recovery
31 zone bond allocation that remains unused on July 1, 2010, is
32 deemed waived by the applicable county or large municipality.

33 5. a. On July 1, 2010, the authority shall determine the
34 total amount of waived recovery zone bond allocations. The
35 authority shall recapture the total amount of waived recovery

1 zone bond allocations.

2 *b.* On or after June 1, 2010, any eligible issuer may apply
3 to the authority requesting an allocation from the total amount
4 of waived recovery zone bond allocations recaptured by the
5 authority.

6 *c.* On or after July 1, 2010, the authority may reallocate
7 the amount recaptured under this subsection according to rules
8 adopted by the authority.

9 6. The authority shall promulgate rules to implement the
10 provisions of this section, including any rules necessary to
11 assure compliance with federal laws relating to the issuance
12 of recovery zone bonds.

13 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
14 immediate importance, takes effect upon enactment.

15

EXPLANATION

16 This bill requires the Iowa finance authority to provide
17 written notice to each county and large municipality, as
18 defined in the bill, of the amount of the recovery zone bond
19 allocation designated for each county and large municipality
20 under the federal American Recovery and Reinvestment Act of
21 2009.

22 The bill requires each county or large municipality that
23 issues recovery zone bonds to provide a written notice of each
24 such issuance to the Iowa finance authority. The Iowa finance
25 authority is required to track the amount of the recovery zone
26 bond allocation used by each county and large municipality.

27 A county or large municipality may, at any time prior to
28 July 1, 2010, waive all or a portion of its recovery zone bond
29 allocation. Any portion of a county or large municipality's
30 recovery zone bond allocation that remains unused on July 1,
31 2010, is deemed waived, and the Iowa finance authority is
32 required to recapture those waived portions of the allocations.

33 On or after June 1, 2010, any eligible issuer, as defined in
34 the bill, may apply to the Iowa finance authority requesting
35 an allocation from the amount of waived recovery zone bond

1 allocations recaptured by the authority. The bill authorizes
2 the Iowa finance authority to reallocate the amount recaptured
3 according to rules adopted by the authority. The bill requires
4 the Iowa finance authority to promulgate rules to implement
5 the provisions of the bill, including any rules necessary to
6 assure compliance with federal laws relating to the issuance
7 of recovery zone bonds.

8 The bill takes effect upon enactment.